



DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
(FINANCIAL MANAGEMENT AND COMPTROLLER)
1000 NAVY PENTAGON
WASHINGTON, DC 20350-1000

MAR 18 2003

MEMORANDUM FOR DISTRIBUTION

Subj: REVISED EXPENSE/INVESTMENT THRESHOLD

Ref: (a) Public Law 108-7, the Consolidated Appropriations Resolution, 2003
(b) USD(C) memo of 11 Mar 03
(c) Department of the Navy Financial Management Policy Manual

Section 106 of reference (a) increased the expense/investment unit value threshold from \$100,000 to \$250,000. Implementing guidance established by reference (b) provides that, for the remainder of FY 2003, funds available in Operation and Maintenance appropriations may be used to purchase items with a unit cost less than \$250,000. However, Procurement funds for items budgeted in the Procurement appropriations should continue to be used for the balance of this fiscal year. Only in unusual circumstances will a reprogramming action be considered.

The revised expense/investment threshold will be fully implemented in FY 2004. As such, addressees should provide the line item detail for those Procurement items that should now be financed in the Operation and Maintenance appropriations. This data will be aggregated for use by USD(C) staff to work with the congressional committees to effect the necessary transfers for FY 2004. The Procurement line item detail for FY 2004 should be provided in an Excel format to FMB-5 no later than Friday 21 March in order to meet the OSD deadline.

By way of further clarification, items not designated for centralized management, purchased on or after the effective date, and having a unit value of less than \$250,000 are classified as expenses. These expenses are to be financed in appropriations whose availability as to purpose is chargeable for expenses. Non-centrally managed items having a unit value of \$250,000 or more are classified as investments and are chargeable to appropriations available as to purpose for investment type costs, consistent with established effective dates. Certain appropriations are available for financing of both expenses and investments. Research, Development, Test and Evaluation (RDT&E) is an example of such an appropriation. Paragraph 075001 of reference (c) should be consulted for additional policy information pertaining to expense/investment criteria.

The revised threshold is not applicable to FY 2002 and other prior fiscal year appropriations. The purchase of non-centrally managed items citing prior year, unexpired appropriations will be based on the unit value threshold applicable at the time the funds were appropriated. Additionally, obligations of FY 2003 funding incurred prior to 20 February 2003 are subject to the expense/investment threshold applicable prior to enactment of reference (a) i.e. \$100,000.

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Guidance concerning the application of the revised threshold to the Navy Working Capital Fund will be provided separately.

This change will be incorporated in a subsequent issuance of reference (c). My point of contact for this matter is Ms. Liz Maher, FMB-58, at 703-693-6587.



ROBERT L. PANEK
Associate Director
Office of Budget

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